

## THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

### MEMORANDUM

	KENN LEE CAPITAL BUDGET COORDINATOR CITY OF SAN JOSE		ABRAHAM M. ANDRADE ASSISTANT DIRECTOR OF FINANCE REDEVELOPMENT AGENCY
	SEE BELOW		AUGUST 7, 2008
SUBJECT:	DETERMINATIONS REGARDING FUNDS TRANSFERRED TO THE CITY FOR THE SAN JOSE BEST PROGRAM		

The Redevelopment Agency has transferred a total of \$4,358,000 to the City's Budget Office for the following projects or expenditures.

Parking Guidance System Phase II	\$600,000
Revenue Control Upgrades	\$714,000
Convention Center Deck Upgrade	\$163,000
Minor Parking Facility Improvements	\$740,000
Security Improvements	\$350,000
Martin Park Landfill	\$1,445,000
Anti-Graffiti Program	\$346,000

Section 33445 of the Redevelopment Law requires the City Council to make certain determinations with respect to publicly owned improvements funded by the Redevelopment Agency. The required findings are as follows:

#### **Parking Guidance System Phase II:**

1. The project benefits redevelopment project areas and includes improvements to parking equipment and roadway signs in the downtown area.
2. As a result of the City's current budget constraints the City is unable to commit current funds to complete several key items identified in the Parking Guidance System Phase II project.

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3. The project will help eliminate blight by maximize the parking capacity of the facilities in the system, help improve traffic circulation, making the downtown area a more friendly place to live and visit.
4. The implementation plan for the Strong Neighborhoods Initiative Redevelopment Project Area provides for the improvement of parking infrastructure and traffic circulation in Strong Neighborhood Initiative areas.

**Revenue Control Upgrades:**

1. The project benefits redevelopment project areas and upgrades the credit card processing equipment at all garages and at the central server to meet the credit card industry's Payment Card Industry Data Security for the garage facilities in the downtown area.
2. As a result of the City's current budget constraints the City is unable to commit current funds to complete several key items identified in the Revenue Control Upgrades project.
3. This project will standardize the revenue control equipment at the City-owned/operated parking garages and increase customer satisfaction. The improvements will contribute to blight elimination by bringing additional people the downtown area and supports restaurants and other cultural and arts venues in the project areas.
4. The implementation plan for the Strong Neighborhoods Initiative Redevelopment Project Area provides for the improvement of parking infrastructure in Strong Neighborhood Initiative areas.

**Convention Center Deck Upgrade:**

1. The project benefits redevelopment project areas and upgrades the concrete deck of the Convention Center Garage.
2. As a result of the City's current budget constraints the City is unable to commit current funds to complete several key items identified in the Convention Center Deck Upgrade project.
3. This project will repair existing damages, prevent further damages to the concrete deck in the garage, and prevent damages to electrical and

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communication systems on the lower level of the garage in the Convention Center Garage. This will help attract more events, business and visitors to the project areas. The improvements will contribute to blight elimination by bringing additional people to the Convention Center which continues to play a significant role activating the project areas and supports restaurants and other cultural and arts venues in the project areas.

4. The implementation plan for the Strong Neighborhoods Initiative Redevelopment Project Area provides for the improvement of parking infrastructure in Strong Neighborhood Initiative areas.

**Minor Parking Facility Improvements:**

1. The project benefits redevelopment project areas and upgrades parking facilities in the downtown area.
2. As a result of the City's current budget constraints the City is unable to commit current funds to complete several key items identified in the Minor Parking Facility Improvements project.
3. This project restores include concrete deck sealing, traffic coating, waterproofing replacement, lobby area improvement, staircase replacement, and façade improvements. The improvements will help eliminate blight by making the neighborhood a friendly place to live and visit.
4. The implementation plan for the Strong Neighborhoods Initiative Redevelopment Project Area provides for the improvement of parking infrastructure in Strong Neighborhood Initiative areas.

**Security Improvements:**

1. The project benefits redevelopment project areas and upgrades parking facilities with security equipment in the downtown area.
2. As a result of the City's current budget constraints the City is unable to commit current funds to complete several key items identified in the Security Improvements project.
3. This project provides funding to implement various security upgrades such as roll-up gates, security fencing, video cameras, and surveillance

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equipment located at entry/exit lanes, lobby areas, and stairwells. The improvements will help eliminate blight by providing a safe and clean facility which will help attract more business and visitors to the project areas.

4. The implementation plan for the Strong Neighborhoods Initiative Redevelopment Project Area provides for the improvement of parking infrastructure in Strong Neighborhood Initiative areas.

**Martin Park Landfill:**

1. The project benefits redevelopment project areas and includes improvements at Martin Park which is within the Five Wounds and Brookwood Terrace Strong Neighborhood Initiative Redevelopment Project Areas.
2. As a result of the City's current budget constraints the City is unable to commit current funds to complete several key items identified in the Martin Park Landfill project.
3. This project funds the construction of a passive interceptor trench and vapor barrier around the perimeter of the Martin Park Landfill to mitigate for elevated levels of landfill methane gas recently detected at Martin Park. The improvements will help eliminate blight by restores open park land and improving the conditions of the park will benefit the health, safety and welfare of the neighborhood residents.
4. The implementation plan for the Strong Neighborhoods Initiative Redevelopment Project Area provides for the improvement of quality parks in Strong Neighborhood Initiative areas.

**Anti-Graffiti Program:**

1. The project benefits redevelopment project areas removing graffiti from both public and private in redevelopment project areas.
2. As a result of the City's current budget constraints the City is unable to commit current funds to fully fund the Anti Graffiti Program.

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3. This project will help eliminate blight by removing graffiti from private property such as fences, sidewalks, homes, businesses, trees which will help making a neighborhood a more friendly place to live and visit.
4. The implementation plan for the Strong Neighborhoods Initiative Redevelopment Project Area provides for the reduction of City blight and gang graffiti in Strong Neighborhood Initiative areas.

Please proceed to incorporate the necessary findings for the public project identified above into a future City Council memo.

Abraham M. Andrade  
Assistant Director of Finance  
Redevelopment Agency





# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Leslye Krutko

**SUBJECT: COMMUNITY DEVELOPMENT  
BLOCK GRANT 2008-09  
AWARD REDUCTION UPDATE**

**DATE:** September 26, 2008

Approved

Date

9-30-08

Council District: Citywide

## SUPPLEMENTAL INFORMATION

On July 30, 2008, the Housing Department provided the City Council with an informational memo describing the need to reduce the amounts of Fiscal Year 2008-09 Community Development Block Grant (CDBG) awards for certain activities subject to spending limits. Since that date, the Department has held meetings with grantees to explain the need for reductions and solicit input on methodologies to apply the reductions. This memo describes the outcome of those meetings and the methodology developed by staff for applying the needed reductions.

## BACKGROUND

CDBG regulations place a cap on the amount of money that may be used for public service, fair housing, and planning activities as well as program administration. The caps for those activities are based upon the current year entitlement from the federal Department of Housing and Urban Development (HUD) and the program income realized by the local program in the prior fiscal year. The City's original CDBG budget for FY 2008-09 was based upon the HUD announced award to the City of \$9,941,878 and staff estimates of FY 2007-08 CDBG Program Income of \$1.6 million. In late July, staff learned that the actual Program Income for FY 2007-08 was less than anticipated and HUD announced a minor adjustment to the City's award. As a result of these changes, the funds available for activities subject to the spending caps had to be reduced.

The following chart shows the initial CDBG program budget and the revised budget based upon required reductions.

	<b>Initial FY 2008-09 Budget</b>	<b>Revised 2008-09 Budget</b>	<b>Difference</b>
<b>CDBG Award</b>	\$9,941,878	\$9,941,268	\$610
<b>2007-08 Program Income</b>	\$1,600,000	\$1,184,134	\$415,866
<b>Total Budget</b>	\$11,541,878	\$11,125,402	\$416,476
<b>15% Public Service Cap</b>	\$1,731,282	\$1,668,811	\$62,471*
<b>20% Administration Cap</b>	\$2,308,376	\$2,225,080	\$83,295

\*Includes \$7,725 in technical adjustments to original FY 08-09 award recommendations.

### **AWARD REDUCTION METHODOLOGIES**

#### **Public Service:**

The staff plan to achieve the needed reductions in the Public Service category includes the following:

1. Technical adjustments will be made to reset original grants to Outreach and Escort, Inc. and to Senior Adults Legal Assistance in alignment with other grant awards.
2. Applicants that did not request an increase over FY 2007-08 funding, and thus did not receive a COLA increase for FY 2008-09 awards, will be exempt from further reduction.
3. All other grants will share equally in the reductions.

#### **Administration:**

In this category, as in Public Service, staff recommended that the reduction be shared equally by each award recipient, including two grants to nonprofit agencies providing Fair Housing services, one grant to the Planning, Building and Code Enforcement Department to carry out SNI planning activities, and funds to the Housing and Finance Departments for administering the CDBG program.

Awards to the two nonprofit organizations for Fair Housing activities were reduced by the same amount as the Public Service awards. Attached is a list of all FY 2008-09 awards affected by the needed reductions.

The strategies identified by City Departments receiving funding reductions in Fiscal Year 2008-09 are as follows:

1. The Housing Department will offset funding reductions through reduction of expenditures in Nonpersonal services.
2. The Planning, Building and Code Enforcement Department will offset funding reductions to the SNI Planning project by reductions to non-personal/equipment for consultant services on historic survey projects.



3. The funding to Planning, Building and Code Enforcement Department for Environment Review Services is an estimate of hourly charges for project reviews. Based upon actual costs in Fiscal Year 2007-08, the reduced amount will be adequate to cover costs for Fiscal Year 2008-09.
4. The Finance Department will absorb reductions through salary savings from vacancies.

Community Development:

The third category of CDBG funding is Community Development, and this activity does not have a spending cap. In addition, CDBG regulations allow the use of prior fund balances in this category, an option not available for Public Service or Administration. This category includes construction projects for nonprofit agencies as well as a number of economic development and construction-related City projects. Because there are adequate resources in the program fund balance to cover the shortfall of program income, spending in this category will not be reduced. This is especially helpful since reductions could severely impact the viability of construction projects.

**COMMUNICATION**

To communicate the need for reductions, staff invited grantees in all affected award categories to attend an information meeting on August 1<sup>st</sup> at which the revised CDBG budget for FY 2008-09 was presented. Representatives of eighteen agencies attended the meeting, and the overwhelming majority supported sharing the reductions. After making the two technical adjustments, and maintaining all awards at a minimum equal to the FY 2007-08 funding, the resulting reduction is 3.3%.

Also during the August 1<sup>st</sup> meeting, staff was asked to reconfirm the intention to award two-year contracts for grants under \$100,000, beginning with the 2008-09 funding cycle. Because a number of CDBG applications had been transferred to other funding sources, staff had considered maintaining one-year contracts for all CDBG grants. This was being considered in order to enable those agencies being funded through other sources to reapply for CDBG for FY 2009-10. After careful consideration, staff concluded that the two-year term should be honored for CDBG grants under \$100,000, and pledged to make that offer to applicants transferred to other funding sources. On August 5<sup>th</sup>, a follow-up meeting was held with grantees to confirm the commitment to two-year awards. The grantees overwhelmingly approved the additional one-year pledge.

**NEXT STEPS**

All of the FY 2008-09 grant agreements had been fully executed in July, therefore contract amendments were needed for the reductions. Section 5 of the grant agreement includes language that provides for such amendments as may be necessary "subject to any and all

written agreements between the City and the U.S. Department of Housing and Urban Development (HUD) pertaining to the CDBG Program.”

Formal letters were sent to the Executive Director of each agency being affected by the reductions. Contract amendments were prepared and processed to include the award reduction and the one-year term extension. In addition, a notice of the revised grant amounts and contract extensions was posted on the Housing Department’s CDBG website.

Agencies receiving CDBG grants of over \$100,000 in FY 2008-09 must reapply for FY 2009-10. Funds for public service activities during the FY 2009-10 application period will consist of the balance of funds in that category after the second-year commitments are set aside.

In the upcoming months, staff will meet with stakeholders throughout the community to explore improvements to the CDBG program that will be incorporated into the City’s five year (2010 to 2015) Consolidated Plan for the expenditure of HUD funds. Streamlining the application and administrative processes as well as focusing funds on identified community priorities will be explored.

  
LESLEYE KRUTKO  
Director of Housing

Attachments

## 2008-09 CDBG Public Service Award Revisions

Agency	Project Name	07-08 Grant	Original 08-09 Grant After Technical Adjustments	Amount of Reduction	Revised 08-09 Grant
Senior Adults Legal Assistance <sup>1</sup>	Legal Assistance to Elders	\$72,348	\$75,097	\$2,492	\$72,605
Fresh Lifelines for Youth	Juvenile Drug Treatment Court Mentor Program	\$33,565	\$34,840	\$1,156	\$33,684
Community Technology Alliance <sup>2</sup>	Tech SCC Tools for Ending Chronic Homelessness	\$25,000	\$109,140	\$3,622	\$105,518
Outreach & Escort, Inc. <sup>1</sup>	Senior Transportation Program	\$40,048	\$41,569	\$1,379	\$40,190
Fresh Lifelines for Youth	Legal Eagle	\$38,701	\$40,171	\$1,333	\$38,838
Asian Law Alliance <sup>3</sup>	Asian Law Alliance	\$44,395	\$44,395	\$0	\$44,395
Mexican American Community Services Agency	MACSA Youth Opportunities Unlimited (Y.O.U.)	\$114,144	\$118,481	\$3,932	\$114,549
Next Door Solutions to Domestic Violence	Shelter Next Door	\$75,508	\$78,377	\$2,601	\$75,776
Mexican American Community Services Agency	MACSA Youth Center Services (Y.C.S.)	\$112,512	\$116,787	\$3,876	\$112,911
Emergency Housing Consortium	San Jose HOMES at Boccardo Reception Center	\$50,149	\$52,054	\$1,727	\$50,327
Santa Clara University	Katharine & George Alexander Comm. Law Center	\$26,531	\$27,539	\$914	\$26,625
Respite & Research Alzheimer's Disease <sup>3</sup>	Alzheimer Activity Center	\$29,478	\$29,478	\$0	\$29,478
Catholic Charities of Santa Clara County	Day Break Caregiver Support Services Program	\$55,341	\$57,443	\$1,906	\$55,537
Silicon Valley Independent Living Center	Housing Program for Persons with Disabilities	\$25,000	\$25,950	\$861	\$25,089

## 2008-09 CDBG Public Service Award Revisions

Agency	Project Name	07-08 Grant	Original 08-09 Grant After Technical Adjustments	Amount of Reduction	Revised 08-09 Grant
Live Oak Adult Day Services	Senior Adult Day Care/Respite	\$28,971	\$30,071	\$998	\$29,073
Legal Aid Society of Santa Clara County	Legal Aid Society Housing Counseling Project	\$112,863	\$117,151	\$3,888	\$113,263
Vietnamese Voluntary Foundation	Vietnamese Employment Services	N/A	\$42,801	\$1,420	\$41,381
Catholic Charities of Santa Clara County	Long Term Care Ombudsman Program	\$27,313	\$28,350	\$941	\$27,409
Next Door Solutions to Domestic Violence	HomeSafe Solutions	\$32,193	\$33,416	\$1,109	\$32,307
Mexican American Community Services Agency	MACSA Adult Day Health Care Center	\$26,824	\$27,843	\$924	\$26,919
Ethiopian Community Services	Ethiopian Community Center	\$30,290	\$31,441	\$1,043	\$30,398
Santa Clara Valley Blind Center	Blind Rehab & Therapeutic Services	N/A	\$64,778	\$2,150	\$62,628
Law Foundation of Silicon Valley Mental Health Advocacy Project	Residential Care Ombudsman Program	\$25,000	\$25,950	\$861	\$25,089
Deaf Counseling, Advocacy & Referral Agency	Deaf for Self-Sufficiency Program	\$27,588	\$28,636	\$950	\$27,686
Community Partners for Youth	Step-up to Brighter Futures	\$98,022	\$101,746	\$3,376	\$98,370
Housing Authority of the County of Santa Clara	Family Self Sufficiency	N/A	\$68,021	\$2,257	\$65,764
Vietnamese Voluntary Foundation	Vietnamese Senior Services	\$49,328	\$51,202	\$1,699	\$49,503
Catholic Charities of Santa Clara County	Young Women's Empowerment Project	N/A	\$47,519	\$1,577	\$45,942

**2008-09 CDBG Public Service Award Revisions**

<b>Agency</b>	<b>Project Name</b>	<b>07-08 Grant</b>	<b>Original 08-09 Grant After Technical Adjustments</b>	<b>Amount of Reduction</b>	<b>Revised 08-09 Grant</b>
Catholic Charities of Santa Clara County	Housing Search and Stabilization Program	\$67,700	\$70,272	\$2,332	\$67,940
YWCA Silicon Valley	YWCA ChildCare Consortium	\$131,420	\$103,039	\$3,419	\$99,620
				<b>Total</b>	<b>\$1,668,811</b>
1. Technical adjustments made to align with 08-09 funding recommendations					
2. 08-09 funding represents a consolidation of funding from CDBG, ESG and the Housing Trust Fund					
3. Funding for 08-09 retained at 07-08 levels					

**2008-09 CDBG Fair Housing, Planning and Administration Funding**

<b>Agency</b>	<b>Project Name</b>	<b>07-08 Funding Level</b>	<b>Original 08- 09 Amount</b>	<b>Amount of Reduction</b>	<b>Revised 08- 09 Amount</b>
Law Foundation of Silicon Valley (Formerly Project Sentinel)	Fair Housing Investigation and Enforcement Services	\$228,550	\$237,235	\$8,560	\$228,675
Legal Aid Society of Santa Clara County	Legal Aid Society Fair Housing Counseling Project	\$101,394	\$105,246	\$3,798	\$101,448
Finance Department	Accounting Services	\$216,431	\$227,253	\$8,200	\$219,053
Planning, Building and Code Enforcement	Environmental Review Services	NA	\$30,000	\$1,083	\$28,917
Planning, Building and Code Enforcement	SNI Planning	\$404,339	\$420,654	\$15,179	\$405,475
Housing Department	ADA Survey Contract	\$50,000	\$50,000	\$1,804	\$48,196
Housing Department	Program Administration and Monitoring	\$1,330,300	\$1,237,988	\$44,672	\$1,193,316
				<b>Total</b>	<b>\$2,225,080</b>